

NTABANKULU LOCAL MUNICIPALITY



2014-2017 MTREF DRAFT BUDGET REPORT

TO

COUNCIL MEETING

30 MAY 2014

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1. MAYORS'S SPEECHS – MTREF 2014-2017

State of the Municipal Address presented by Honourable Mayor, Cllr. V. Mgoduka on the 12 June 2014 at Dambeni Location in Ward 14.

Madam Speaker,
Fellow Members of the Executive,
Fellow Councillors,
Abantwana begazi ndiyakhahlela kuni,
Honourable Mayors from our Neighbours,
Representatives from our Sector departments,
Our friends representing our sister Municipalities,
The Provincial Leadership,
Distinguished families of our fallen heroes,
Distinguished guests,
Ward Committees,
Friends, Comrades and fellow Compatriots,
Naye wonke umntu okhoyo ukuzozimasa lomcimbi.

Let me take this opportunity to greet you all.

Before we get to the business of the day, I would like to request everyone to take a moment to stand up and observe a moment of silence to the passing away of the woman who gave birth to our former president, Mama uMbeki.

May her soul rest in peace.

Mandiithathe elithuba ndinamkele nonke kulendibano yanamhlanje.
Ubukho benu ukuzozimasa olusuku bubaluleke kakhulu kuthi.

My fellow compatriots.

Today we mark the end of the financial year 2013/2014.
As such I have been discharged with the responsibility of reporting to you all the state of affairs of Ntabankulu. It is not an easy task considering the era we are currently going through in the time of our freedom.

It is now 20 years since the dawn of democracy and the birth of the new South Africa. For all South Africans, especially the black majority and the residents of Ntabankulu, it was a birth of a new dream. A dream that the people would finally live to enjoy the fruits of our hard earned freedom.

Indeed a lot has been achieved by government, but equally, a lot is yet to be done. For us the year passing has been one of the most challenging in the duration of the new South Africa.

We have had to deal with the biggest challenges that any democratic government could ever face.

The enemies of the revolution have worked tirelessly to mislead our people into turning against us.

They have sought to devour the trust that the people have in the democratic government. These enemies of the revolution have sought to use the backlogs faced by our people in development as a means to agitate the people to revolt against government.

In return that has caused a lot of instability within our communities.

It is against this mayhem that we continue to plea to our people to engage us to resolve the problems.

We urge our people to continue the dialogue with our government in order to find amicable solutions together.

My fellow compatriots.

Frantz Fanon in his book titled the wretched of the earth once said “Each generation must discover itself a mission, to fulfill it or betray it, in relative opacity”

When we took oath into office as the executive, we made ourselves a mission that we would put the needs of the people at the front and put our differences and our selfish interest aside.

We understood how difficult the work ahead of us would be.

This is a mission we intend to fulfil and indeed never to betray.

Driven by that mission in mind in this year passing we were able to do the little we could do, though not enough for the needs of our people, we have made some strides in redressing the backlogs that our communities are facing.

We have achieved more, considering the little resources we have and the magnitude of the challenges our communities are facing.

Our inability to generate sufficient income and reliance on grant funding continues to be a challenge for us as the municipality.

Our own revenue comprising only 3% of total revenue, it continues to be difficult for the municipality to render the much needed services in amounts demanded by our constituent communities.

In that light, I present before you all, the highlights of 2013/2014 Financial Year.

On Local Economic Development.

> We Funded four Poultry Primary Cooperatives by provision with chicks, feed, vaccines, paraffin heaters and infrastructure.

These cooperatives are: Liyakhanya Poultry Cooperative in ward 10, Zubenathi Ward 04, Ndonga ward 18, Mqatyeni Poultry, Lokhwe Poultry.

> 2 goat cooperatives in Silindini and Ndwana were provided with, feed and vaccines

> 1 piggery cooperative in ward 06 funded with feed ,vaccines, infrastructure and piglets.

> The municipality has established a joint programme of action with the Department of Agriculture Forestry and Fisheries (DAFF) National office to initiate a process of

transferring to the communities 3 Commercial Forests (Gomo, Tonti & Camsholo), to empower the communities around those areas.

On Special Programs:

As informed by SPU Strategy & Sector Plans,

- ✓ 90 wheelchairs, 30 orthopedic shoes and 70 crutches were supplied to disabled people.
- ✓ 29 disabled children were trained at Enoch Sontoga Special School & Ingwe FET in welding, brick laying, sewing, carpentry and computer literacy .
- ✓ 10 young people are being trained at Ingwe FET College on Computer Literacy and 180 young people were trained in Leaderships Skills Development by NYDA.
- ✓ 6 elderly projects were supported with sewing machines, sporting equipment and poultry equipment.
- ✓ 180 orphans were supplied with schools uniforms.
- ✓ 5 Child minders were trained on foster care.
- ✓ 05 Young people were trained in nursery management

We have a good story to tell.

On Infrastructure.

We have done relatively well in infrastructure considering the backlog and the limited resources we have.

On roads:

We have utilised the R25m allocated from MIG to construct the following roads:

- > Caba to Mhlahlweni A/R
- > Nozolisa to Dambeni A/R
- > Tshongwenin to Dambeni A/R
- > Drayini A/R is on Defect Liability stage
- > Ngqane to Nogada A/R
- > Mqatyeni A/R
- > And Hlankomo Bridge

As the executive committee we have engaged the Department of Public Works to maintain the following T-roads and now constructors are on site;

DR 080109; the road from Nozolisa to Nyiweni.

DR 080106; the road from Dambeni to Hlankomo.

DR080252, the Road to Xhukula via Mhlonyaneni.

DR080163; the road to Dungu

DR080103; the road from Mfundisweni to Mt Ayliff

The department has recently awarded contractors to maintain, DR080019 from Ntabankulu town to Flagstaff.

On Electricity:

According to the allocations of schedule 06 and schedule 5(b) of the Division of Revenue Act, we have electrified a total of 2 282 households in Zulu, Magqagqeni, Bhonga, Bhukazi, Madwakazana, Ndwana, Veni, Zinyosini, Mowa, Vulindlela, Ncama and Hlankomo. Upon completion of these villages, we will record the largest number of households ever electrified in Ntabankulu in one year.

We will be proud to pronounce that we will have reduced the electrification backlog by 10% from 78% to 68%. It will mean that in Ntabankulu 32% of households are now connected to grid electricity.

Through our Expanded Public Works Program, with an allocation of R1million we have created 66 jobs employing our people.

Indeed we have a good story to tell.

On Community Services:

We have created jobs for our people.

We have employed caretakers who are getting a stipend whilst looking after 20 community Halls.

22 young people have been trained on Nature Conservation through fund allocation from the Department of Environmental Affairs. Through the same fund we trained another 9 young people on Waste Management.

Through the Environmental Protection Infrastructure Program we have trained and employed nine young people.

We have renewed the contracts for 40 young people that are working on community safety project funded by Public Works, this means that 40 young people will continue to put food on the table for their communities.

On Corporate Services ie Human Resources;

We successfully recruited Community Services Director

In addition we have provided temporary employment to 120 Ntabankulu Youths from all 18 wards.

These were employed from the savings we accumulated whilst we did not have our own employed Municipal Manager.

We made a difference.

We also provided internships in all six municipal departments:

- ✓ 2 in Community Services,
- ✓ 5 at Finance Department ,
- ✓ 4 at Corporate Services,
- ✓ 4 at Strategic & Development Planning Department ,
- ✓ 1 in Infrastructure.

These are funded by Municipality, Treasury and LGSETA

The recruitment of Infrastructure personal assistant and two drivers also highlights our employment commitment.

On Training

Implementing the 2013/2014 Work place skills plan, we have ensured that:
5 employees from BTO are attending Certificate in Municipal Finance Management and 2 Councillors

We have Signed MOU with Ingwe FET for provision of training in the following areas:-
Computer literacy, carpentry, office management ,bricklaying
Learnerships in Led and Traffic Management

We have approved a work skills Plan for the 2014/2015 to be implemented.

On Budget and treasury:

We are proud to mention that amid all the challenges that we faced in the submission and the auditing of the 2012/2013 Annual Financial Statements, we have maintained a qualified Audit Opinion.

Though we have a low revenue base, we have increased our budget by 3% from last year. Our low revenue base is attributed to amongst other factors the poor collection of rates. We continue to urge our ratepayers to pay their rates in order to afford us an opportunity to provide the much needed services to our community.

My fellow Councillors.

Indeed a new wave of change is sweeping the ranks of both government and our communities.

Like old scotch philosopher Frederick Nitsche (who is one of the founders of modern philosophy), would say about change, "A snake that cannot cast its skin has to die, just like a mind which refuses to embrace change ceases to be mind"

Fully aware of this fact, we as well must embrace change.

We are aware as council that the needs of our people are ever changing and the responsibility to keep up with that change is upon us.

In that spirit we first conducted a diagnosis of the depth of the poverty situation in Ntabankulu.

We sought to understand the causes of this massive poverty and its indicators.

We visited all wards to open a dialogue with our people in order to hear from their own words what they need to be done.

Subsequently we engaged all stakeholders and communities.

We did this in order to inform our planning for the future.

That is the reason why we can safely claim that we now know, what kind of inspirations our people carry, for example we have a responsibility to maintain Ntshantsha to Dunusweni Access road in ward 03.

This is a road that is long overdue for construction. We need to find a solution to construct that road in the upcoming year which cost (3.8m)

Fellow Councillors, Guests and Compatriots,

As the municipality we are clear of the task ahead of us as we enter the New Financial Year 2014/2015.

Following all the legislative required steps, we have finalised the budgetary processes and are now presenting before you a Budget for the 2014/15 financial year summarised as follows.

Grant Funded Revenue: 141 569 000

Own Revenue 4 602 139

Total Revenue 146 171 139

Expenditure:

Capital Expenditure 60 859 670

Other Expenditure 88 206 682

Capital Expenditure is Comprised of:

BUDGET DECSRIPTION	AMOUNT R
Computers	200 000
DLTC	3000 000
Document management	300 000
Fencing	200 000
Furniture & Equipment	500 000
Motor Vehicle	1000 000
Access Roads	9 207 720
Buildings and instalation	3 000 000
Community and Installation	8 951 950
Electrification	30 000 000
Hawkers Stalls(Not MIG)	2 000 000
Road and Storm Water	2 000 000
Solid Waste Management	500 00
Giving totals	60 859 670

Highlights for the upcoming 2014/2015 financial year:

On Infrastructure:

We are going to spend our MIG allocation in the construction of:

- ✓ Town Hall with a council chambers with the estimated price of R6m
- ✓ Landfill site in the urban area with the cost of R6,5m

- ✓ Ntshamanzi to Mnceba A/R & the bridge with the cost of R3m
- ✓ Ngwemnyama to Ngcanasini A/R with the cost price of R5m lastly the
- ✓ construction of Mhlonyaneni Sport field with the cost of R3,8M

From our own equitable share we are going to construct the following;

- ✓ Mjelweni Bridge; R2,250m
- ✓ Mabofu Bridge and;R2,250m

On Electricity:

With the R30million allocation we are going to electrify 1200 households for the financial year 2014/15 in Matshona, Luncedweni, Marhamzeni, and construction of feeder lines.

With the funding called schedule 6 from Eskom; 1200 households to Fort Donald, Zola, Gxwaleni and Manzana are going to be electrified.

Also with the funding called schedule 5B from Eskom; 1063 households to Qhiphu Village, Mcepheni, Mbangweni and Ntabeni are going to be electrified.

On Community Services:

We are going to employ 90 young people for town beautification and solid waste management programs.

This should commence immediately as the year commences to fast track fulfilling our obligation as set out in the Manifesto of the Ruling party to create Jobs.

In addition we are going to train 180 ward committees; train 40 security guards for accreditation to eliminate outsourcing of our security services and create permanent Jobs. Furthermore we will train 06 Traffic Wardens that will help enhance our capacity to ensure community safety.

We have noticed the challenges of our solid waste and we want to further enhance our capacity to provide a healthy, beautiful and clean urban area, we are going to construct a Landfill site utilizing the MIG allocation.

We are also proud to pronounce that we are going to construct the Drivers Licence testing centre to afford our people to have access that is nearer to getting a drivers licence.

This initiative we are convinced, will also enhance our revenue collection to improve our capacity to deliver the much needed services to our people.

We are going to embark on a program of Job creation by registering and training a Youth Primary Cooperative that will provide a vaccination and feeding program to improve the quality and the productivity of our livestock in Ntabankulu.

We expect this program to boost the industry of small and emergent Beef, Goat and Wool farmers to provide a source of economic growth for them.

This program is going to be done, whilst we are working on a bigger ambitious project of an

Abattoir to be constructed in the near future.

We are also planning to revive the Brick manufacturing site next to the craft centre and will engage relevant funders to boost it. In addition to that we are currently facilitating a medium crop farming enterprise in the urban area that will benefit youths from ward 09,07, 14 and 13.

We will continue with our hard work to create Jobs and to grow the economy.

My dear Comrades, Friends and Compatriots.

As this council we are left with less than two years before our term ends. Bearing that in mind we want to live a good story told about the work we have done. That is why we are so committed to bringing about change in Ntabankulu.

We understand that all odds are against us in terms of the financial capacity to make that change possible, but we are confident that we will overcome. It is clear now to all of us that we need each other to work towards a common goal of changing the plight of our people.

We need Government to work with Businesses, Churches, Traditional Leaders, NGO's and the community to bring about positive change to Ntabankulu. Only if we work together can we be able to achieve a better life for all in our area.

Thus we make a plea to everyone to come together under one roof, to share a common goal and to work together. Like it is said that Working together we can achieve more.

I would like to thank everyone present here today for honouring our invitation. We are humbled by your presence and indeed we appreciate it.

I also would like on behalf of the Council and the People of Ntabankulu to thank the outgoing Acting Municipal Manager, Mr. Monde Sandaba. Mr. Sondaba was forwarded to assist us as an acting Municipal Manager during the time when we did not have an accounting officer after the resignation of Mr. Sindile Tantsi who now he's the Municipal Manager at Mnquma Local Municipality (Buthertown).

To you Mcenge we are thank full for the role you have played. You came in at a very difficult time when the Auditor General was putting pressure on us to comply during the audit, whilst some of our documents were under investigation.

You helped us through that period and today we have a qualified Audit. Word cannot express our gratitude to you Dlangamandla.

To everyone who participated in helping us during this trying year, we wish to thank you. From Traditional Leaders who continue to support us we thank you very much. To government departments who make it possible for us to deliver to our people, we also thank you.

To the team of Councillors and employees of the municipality we thank you for your commitment. Men and women of courage who drive the developmental agenda of Ntabankulu we thank you.

Soldiers and pioneers who are taught never to dishonour the cause of our National Democratic Revolution.

Your sacrifices and efforts are making it possible to deliver to our people.

Thank you all.
Intabankulu ayilalanga iguqe ngamadolo!!!

Enkosi

V. Mgoduka
Honourable Mayor

2. INTEGRATED DEVELOPMENT PLAN

It is recommended that the Council approves the publication of the 2014/2017 Integrated Development Plan.

3. COUNCIL RESOLUTION 2014/2017

3.1 It is hereby recommended that the Council resolves that the multi-year annual budget of capital and operating expenditure for 2014/2017 and the indicated two outer years of 2015/2016 and 2016/2017 be approved as set out by the following amended tables:

1. Table A1: Budget summary
2. Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)
3. Table A3: Budgeted Financial Performance (revenue and expenditure By municipal vote)
4. Table A4: Budgeted Financial Performance (revenue and expenditure)
5. Table A5: Budgeted Capital Expenditure buy vote and funding
6. Table A6: Budgeted Financial Position
7. Table A7: Budgeted Cash Flows
8. Table A8: Cash backed reserves / accumulated surplus reconciliation
9. Table A9: Asset Management
10. Table SA36: Budgeted Capital Expenditure by programme name

Multi Year Capital Budget

3.2 It is recommended that the Council resolves that multi-year capital appropriations by vote and associated funding reflected in Table A5 be approved

Property Rates and Other Municipal Taxes

In terms of section 24 of the Local Government Property Rates Act, Act 6 of 2004, rates differentiating amongst different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all ratable properties within the municipal area for the financial year 1 July 2014 to 30 June 2015, provided that rebates, as indicated, on application be allowed:

3.3 Tariffs and Charges

It is hereby recommended that the Council resolves that the following tariffs and charges be applied for the 2014/2015:-

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
Property Rates	Domestic	R0.004	None	R0.004
	Business	R0.004	None	R0.004
	Government	R0.004	None	R0.004
Senior citizens with property valued less than R200 000.00		R1600.00 per annum	None	R1600.00 per annum
Refuse Removal	Domestic	R60.00	None	R60.00
	Government	R90.00	None	R90.00
	Business	R90.00	None	R90.00
Burial and Cemeteries	Single Grave once off	R100.00	None	R130.00
	Double grave once off	R190.00	None	R250.00
	Renewal fee for Double grave & Single grave	R50.00	None	R100.00

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/ Decrease	New Tariffs 2014-2015
Library Membership Fee		R50 per annum	None	R50 per annum
Rental Office	Large Businesses	R78.65 per square meter	None	R78.65 per square meter
	Small Businesses	R30.25 per square meter	None	R30.25 per square meter
Rental :Municipal Hall	Independently (Private use)	R55.00 per hour	None	R60.00 per hour
	Business & Government	R100.00 per hour	None	R100.00 per hour
Building Plan fees	Commercial, industrial Government	R5.00 per square meter	None	R5.00 per square meter
	Low cost funded by DPT of human settlement	R5.00 per square meter	None	R5.00 per square meter
	Residential by individual owners	R4.00 per square meter	None	R4.00 per square meter

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/ Decrease	New Tariffs 2014-2015
	Administration for alteration in the existing building (extending, fitting of glasses.etc)	R250.00	None	R250.00
	PENALTY-Administration for as built plans	R300.00	None	R300.00
Trading Tariffs	Hawkers <ul style="list-style-type: none"> Fruit & Vegetables Clothing 	R70.00 per annum Renewal R20.00 per annum R100.00 per annum Renewal R50.00 per annum	None	R50.00 per annum Renewal per annum R70.00 per annum Renewal R50.00 per annum

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/ Decrease	New Tariffs 2014-2015
	Business	R1000.00 per annum	None	R1000.00 per annum
	Licences , General dealers & Taverns	Renewal R500.00 per annum		Renewal R500.00 per annum
	Shebbens, Public Phones, Bookshops & Tuck shops	R1000.00 per annum Renewal R500.00 per annum	None	R1000.00 per annum Renewal R500.00 per annum
Advertising	1.5 m x 3.0m	R120.00 per structure per month	None	R120.00 per structure per month
	3.0m x 6.0m	R209.00 per structure per month	None	R209.00 per structure per month
Pound Fees	Livestock small	R45.00 per head for entering	R10.00	R55.00 per head for entering

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
	and Large	(add)R25.00 for 12hrs per head		(add)R25.00 for 12hrs per head
Clearance certificate		R10.00	None	R10.00
Waste Removal		R150.00	None	R150.00
Garden Waste Removal Fees		R120.00	None	R120.00
Spot fines for illegal dumping	Households	R200.00	None	R200.00
	General Practitioners (Surgeries & Clinics)	R500.00	None	R500.00
	Business entities	R300.00	None	R300.00
Tender Fees	Under R1 000 000	R300.00	None	R300.00
	Over R1 000 000	R300.00		R500.00
Services				

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/ Decrease	New Tariffs 2014- 2015
Rendered by Traffic				
Removal per motor vehicle	Drivers, vehicle owners and Companies	R 440.00	None	R 440.00
Removal per Heavy motor vehicle	Drivers, vehicle owners and Companies	R1000.00	None	R1000.00
Tracing of vehicle owner	Drivers, vehicle owners and Companies	R130.00	None	R130.00
Call out fee	Drivers, vehicle owners and Companies	R 60.00	None	R 60.00
Impounding fee per vehicle (Storage)	Drivers, vehicle owners and Companies	R100.00 per Day	None	R100.00 per Day
Impounding fee per vehicle recovered for causing intentional obstruction on	Drivers, vehicle owners and Companies	R330.00 per Day	None	R330.00 per Day

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
any public road.				
Escorting services: for Sporting events and other gatherings	Businesses, Departments and Community	R 100.00 per office per hour	None	R 100.00 per office per hour
Escorting services: Abnormal vehicles and Loads	Businesses, Departments and Community	R100.00 per office per hour	None	R100.00 per office per hour
Temporary closure of Public Road or part thereof pertaining to Street Parties and other gatherings.	Businesses, Departments and Community	R100.00 per officer per hour	None	R100.00 per officer per hour
No person	Unlicensed drivers,	R 1500.00	None	R 1500.00

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
may drive motor vehicle on public Road without a valid Driver's Licence in his/her possession.	Drivers, Vehicle owners, learner drivers			
No person may drive unlicensed motor vehicle on public Road.	Unlicensed drivers, Drivers, Vehicle owners, learner drivers	R 1500.00	None	R 1500.00
Failure to display valid clearance certificate on motor vehicle driven on public road.	Unlicensed drivers, Drivers, Vehicle owners, learner drivers	R 300.00	None	R 300.00
Impounding fee for motor vehicle per day.	Unlicensed drivers, Drivers, Vehicle owners, learner drivers	R 100.00	None	R 100.00

Service Type	Category of user/users	Tariffs 2013-2014	Proposed Increase/Decrease	New Tariffs 2014-2015
Stopping a public Transport motor vehicle Bus/Taxi on area that is not designated for picking up or dropping off passengers.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 700.00	None	R 700.00
Allowing unlicensed driver to drive motor vehicle on a public road without a valid driver's licence.	Unlicensed drivers, Drivers, Vehicle owners, leaner drivers	R 1000.00	None	R 1000.00
Packing on unauthorized area				R300.00

3.4 Measurable Performance Objectives

It is hereby recommended that the Council resolves that the measurable performance objectives for revenue for each source and for each vote reflect the annual budget be approved.

3.5 Budget Related Policies

It is hereby recommended that the Council resolves that the following Budget Policies be approved:-

1. Indigent Policy 2014/2015
2. Property Rates Policy 2014/2015
3. Credit Control Policy 2014/2015
4. Tariff Policy 2014/2015
5. Budget Policy 2014/2015
6. Asset Management Policy 2014/2015
7. Supply Chain Management Policy 2014/2015
8. Fleet Management Policy
9. Banking & Investment Policy 2014/2015
10. Petty Cash Policy 2014/2015

4. THE BUDGET

This section contains an Executive summary of the budget, highlighting the process and assumptions which lead to the compilation of the final budget

4.1 Executive Summary

Overview

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budget process.

The Local Government Municipal Finance Management Act 56, of 2003

24(1) The council of a municipality must at least 30 days before the start of the budget year consider the approval of the annual budget.

(2) An annual budget

(a) Must be approved before the start of the budget year

(b) Is approved by the adoption by the Council resolution referred to in section 17(3)

(c) Must be approved together with the adoption of resolution as may be necessary.

4.1.2 *Key assumptions*

National Treasury Provided guidance in MFMA Circular No. 72 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	ACTUAL	ESTIMATE		FORECAST	
Headline CPI Inflation in %	5.0	5.4	5.6	5.5	5.5

4.1.3 National Treasury guidelines in terms of allocations

MFMA Circular No. 66 and 67 states:

Mayor's Discretionary Funds and Similar Discretionary Budget Allocations

It has been observed that many municipal budgets contain sub-votes or allocations to "Mayoral Discretionary Funds", "Special Projects", "Special Events" or similar discretionary types of funds.

- National Treasury regards these types of allocations as bad practice because:
- It is not clear how they are aligned to the constitutional requirement that municipalities structure their budgeting and planning process to give priority to the basic needs of the community, and to promote the social and economic development of the community [see section 153(a) of the constitution];
- They do not provide for the appropriation of funds for the purposes of a department or functional area of the municipality (see the definition of 'vote' in section 1 of the MFMA)
- They undermine the budget consultation processes since the intended use of the funds is not transparently reflected in the tabled budget; and
- There is a risk that they may be abused for personal gain or to improperly benefit another person or organization.

Therefore National Treasury discourages allocations of this nature. Good practice requires that a municipal budget should transparently indicate the purposes where municipal funds (i.e. public funds) are allocated.

4.2 BUDGET SCHEDULES

4.2.1 Table A1: Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	1 489	1 566	2 236	2 300	2 300	2 300	2 300	1 000	1 055	1 113
Service charges	161	179	160	120	65	65	65	50	53	56
Investment revenue	648	925	1 559	1 200	1 200	1 200	1 200	1 300	1 372	1 372
Transfers recognised - operational	48 283	86 524	67 715	73 634	75 232	75 232	75 232	85 992	101 917	101 541
Other own revenue	1 188	1 790	1 314	2 452	2 901	2 901	2 901	2 252	2 376	2 507
Total Revenue (excluding capital transfers and contributions)	51 769	90 985	72 983	79 706	81 698	81 698	81 698	90 594	106 772	106 588
Employee costs	20 547	25 246	28 431	34 226	34 226	34 226	34 226	34 840	34 596	34 370
Remuneration of councillors	6 697	7 739	8 114	9 547	9 547	9 547	9 547	9 304	9 637	10 182
Depreciation & asset impairment	4 512	5 473	5 854	6 149	5 146	5 146	5 146	3 500	3 693	3 896
Finance charges	210	544	97	200	100	100	100	50	53	56
Materials and bulk purchases	1 826	2 648	2 083	5 400	2 400	2 400	2 400	3 450	3 639	3 839
Transfers and grants	-	-	-	-	-	-	-	5 200	5 484	5 785
Other expenditure	25 696	25 688	37 583	30 882	34 446	34 446	34 446	37 063	35 280	37 220
Total Expenditure	59 488	67 339	82 161	86 404	85 865	85 865	85 865	93 407	92 381	95 347
Surplus/(Deficit)	(7 720)	23 647	(9 178)	(6 698)	(4 168)	(4 168)	(4 168)	(2 813)	14 391	11 240
Transfers recognised - capital	-	29 172	34 201	59 271	44 271	44 271	44 271	55 577	53 117	52 660
Contributions recognised - capital & contributed assets	-	(26 646)	(30 165)	(58 807)	(49 157)	(49 157)	(49 157)	(55 660)	(53 571)	(53 560)
Surplus/(Deficit) after capital transfers & contributions	(7 720)	26 173	(5 143)	(6 235)	(9 054)	(9 054)	(9 054)	(2 895)	13 937	10 341
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(7 720)	26 173	(5 143)	(6 235)	(9 054)	(9 054)	(9 054)	(2 895)	13 937	10 341
Capital expenditure & funds sources										
Capital expenditure	17 146	26 717	30 165	58 807	49 457	49 457	49 457	60 860	59 055	59 345
Transfers recognised - capital	17 146	26 717	30 165	59 721	46 971	46 971	46 971	60 860	59 055	59 345
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	17 146	26 717	30 165	59 721	46 971	46 971	46 971	60 860	59 055	59 345
Financial position										
Total current assets	16 762	26 539	24 975	23 486	27 468	27 468	27 468	43 960	64 817	82 473
Total non current assets	27 339	128 664	152 347	205 004	196 358	196 358	196 358	253 570	308 933	364 382
Total current liabilities	453	3 517	3 357	8 077	(1 003)	7 074	3 357	3 450	3 639	3 839
Total non current liabilities	-	-	-	-	-	-	-	-	-	-
Community wealth/Equity	-	233 432	317 951	371 700	365 873	365 873	365 873	417 074	455 604	514 649
Cash flows										
Net cash from (used) operating	10 538	36 454	32 363	60 235	49 269	49 269	49 269	63 394	79 855	76 942
Net cash from (used) investing	(18 094)	(26 717)	(30 164)	(58 807)	(49 457)	(49 457)	(49 457)	(60 860)	(59 055)	(59 345)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(7 177)	2 561	4 760	6 188	6 000	6 000	6 000	26 522	47 322	64 919
Cash backing/surplus reconciliation										
Cash and investments available	(75)	9 807	7 976	6 086	10 044	10 044	10 044	26 522	47 322	64 919
Application of cash and investments	(406)	(115)	(302)	(989)	(2 039)	(2 039)	(2 039)	(1 024)	(1 080)	(1 140)
Balance - surplus (shortfall)	331	9 922	8 278	7 075	12 083	12 083	12 083	27 546	48 402	66 059
Asset management										
Asset register summary (WDV)	9 439	34 282	36 480	66 625	19 867	55 025	63 779	63 779	61 691	61 680
Depreciation & asset impairment	4 512	5 473	5 854	6 149	5 146	5 146	3 500	3 500	3 693	3 896
Renewal of Existing Assets	3 181	3 181	3 357	500	500	500	500	550	580	612
Repairs and Maintenance	2 648	1 870	2 083	5 400	1 400	4 000	3 450	3 450	3 639	3 839
Free services										
Cost of Free Basic Services provided	108	120	132	144	156	168	180	180	192	204
Revenue cost of free services provided	-	-	-	4 400	-	4 400	6 000	6 000	6 330	6 678
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	6	6	6	6	6	6	6	6	6	6
Refuse:	-	-	-	-	-	-	-	-	-	-

4.2.2 Table A2: Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		73 837	91 039	108 114	138 991	131 946	131 946	146 191	159 889	159 248
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		73 837	91 039	108 114	138 991	131 946	131 946	146 191	159 889	159 248
Corporate services		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	73 837	91 039	108 114	138 991	131 946	131 946	146 191	159 889	159 248
Expenditure - Standard										
<i>Governance and administration</i>		32 042	40 335	45 526	53 683	56 741	56 741	112 273	107 924	109 137
Executive and council		8 810	13 612	13 323	12 773	15 174	15 174	70 090	64 406	63 350
Budget and treasury office		13 450	13 711	19 916	25 729	26 346	26 346	27 681	28 089	29 511
Corporate services		9 781	13 012	12 287	15 181	15 221	15 221	14 502	15 429	16 277
<i>Community and public safety</i>		7 041	10 576	12 720	14 191	13 478	13 478	17 923	18 909	19 949
Community and social services		7 041	10 576	11 820	13 141	12 728	12 728	16 873	17 801	18 780
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	900	1 050	750	750	1 050	1 108	1 168
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13 716	14 767	34 926	65 451	58 343	58 343	17 840	18 015	18 637
Planning and development		13 716	14 767	34 502	65 051	57 143	57 143	17 640	17 807	18 421
Road transport		-	-	424	400	1 200	1 200	200	208	216
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	656	850	850	850	1 050	1 105	1 168
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	656	850	850	850	1 050	1 105	1 168
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	52 799	65 677	93 828	134 175	129 412	129 412	149 086	145 952	148 892
Surplus/(Deficit) for the year		21 038	25 362	14 286	4 816	2 535	2 535	(2 895)	13 937	10 356

4.2.3 Table A3: Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote	1									
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET & TREASURY		73 837	91 039	108 114	138 991	131 946	131 946	146 191	159 889	159 248
Vote 4 - STRATEGIC		-	-	-	-	-	-	-	-	-
Vote 5 - HUMAN RESOURCE		-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 8 - TRAFFIC DEPARTMENT		-	-	-	-	-	-	-	-	-
Vote 9 - REFUSE DEPARTMENT		-	-	-	-	-	-	-	-	-
Vote 10 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE & ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	73 837	91 039	108 114	138 991	131 946	131 946	146 191	159 889	159 248
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL		7 126	8 605	9 086	9 648	9 668	9 668	9 624	9 602	9 489
Vote 2 - MUNICIPAL MANAGER		1 684	5 006	4 237	3 125	5 506	5 506	59 987	54 504	52 861
Vote 3 - BUDGET & TREASURY		13 450	13 711	19 916	25 729	26 346	26 346	27 761	27 989	29 811
Vote 4 - STRATEGIC		7 810	7 656	6 789	6 694	8 886	8 886	8 436	8 500	8 781
Vote 5 - HUMAN RESOURCE		-	-	-	600	177	177	280	295	312
Vote 6 - INFRASTRUCTURE		5 907	7 111	27 714	58 357	48 257	48 257	9 203	9 307	9 741
Vote 7 - PUBLIC SAFETY		-	-	900	1 050	750	750	1 450	1 530	1 614
Vote 8 - TRAFFIC DEPARTMENT		-	-	424	400	1 200	1 200	200	208	216
Vote 9 - REFUSE DEPARTMENT		-	-	656	850	850	850	1 050	1 105	1 178
Vote 10 - COMMUNITY SERVICES		7 041	10 576	11 820	13 141	12 728	12 728	16 873	17 801	18 895
Vote 11 - CORPORATE & ADMINISTRATION		9 781	13 012	12 287	14 581	15 044	15 044	14 222	15 111	15 996
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	52 799	65 677	93 828	134 175	129 412	129 412	149 087	145 952	148 892
Surplus/(Deficit) for the year	2	21 038	25 362	14 286	4 816	2 535	2 535	(2 896)	13 937	10 356

4.2.4 Table A4 Budget Financial Performance (revenue and expenditure)

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue By Source											
Property rates	2	1 489	1 566	2 236	2 300	2 300	2 300	2 300	1 000	1 055	1 113
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	161	179	160	120	65	65	65	50	53	56
Service charges - other											
Rental of facilities and equipment		874	914	881	986	1 010	1 010	1 010	1 024	1 080	1 140
Interest earned - external investments		648	925	1 559	1 200	1 200	1 200	1 200	1 300	1 372	1 372
Interest earned - outstanding debtors		0	252	-	350	10	10	10	10	11	11
Dividends received											
Fines		117	480	433	900	1 600	1 600	1 600	1 000	1 055	1 113
Licences and permits											
Agency services											
Transfers recognised - operational		48 283	86 524	67 715	73 634	75 232	75 232	75 232	85 992	101 917	101 541
Other revenue	2	197	144	-	216	281	281	281	218	230	243
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		51 769	90 985	72 983	79 706	81 698	81 698	81 698	90 594	106 772	106 588
Expenditure By Type											
Employee related costs	2	20 547	25 246	28 431	34 226	34 226	34 226	34 226	34 840	34 596	34 370
Remuneration of councillors		6 697	7 739	8 114	9 547	9 547	9 547	9 547	9 304	9 637	10 182
Debt impairment	3		385	4 757	500	500	500	500	500	527	556
Depreciation & asset impairment	2	4 512	5 473	5 854	6 149	5 146	5 146	5 146	3 500	3 693	3 896
Finance charges		210	544	97	200	100	100	100	50	53	56
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	1 826	2 648	2 083	5 400	2 400	2 400	2 400	3 450	3 639	3 839
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	5 200	5 484	5 785
Other expenditure	4, 5	25 696	25 303	32 826	30 382	33 946	33 946	33 946	36 563	34 753	36 664
Loss on disposal of PPE											
Total Expenditure		59 488	67 339	82 161	86 404	85 865	85 865	85 865	93 407	92 381	95 347
Surplus/(Deficit)		(7 720)	23 647	(9 178)	(6 698)	(4 168)	(4 168)	(4 168)	(2 813)	14 391	11 240
Transfers recognised - capital			29 172	34 201	59 271	44 271	44 271	44 271	55 577	53 117	52 660
Contributions recognised - capital	6	-	(26 646)	(30 165)	(58 807)	(49 157)	(49 157)	(49 157)	(55 660)	(53 571)	(53 560)
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(7 720)	26 173	(5 143)	(6 235)	(9 054)	(9 054)	(9 054)	(2 895)	13 937	10 341
Taxation											
Surplus/(Deficit) after taxation		(7 720)	26 173	(5 143)	(6 235)	(9 054)	(9 054)	(9 054)	(2 895)	13 937	10 341
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(7 720)	26 173	(5 143)	(6 235)	(9 054)	(9 054)	(9 054)	(2 895)	13 937	10 341
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(7 720)	26 173	(5 143)	(6 235)	(9 054)	(9 054)	(9 054)	(2 895)	13 937	10 341

4.2.5 Table A5: Budgeted Capital Expenditure by vote and funding

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET & TREASURY		207	-	-	450	5 484	5 484	5 484	5 200	5 484	5 785
Vote 4 - STRATEGIC		-	-	-	-	-	-	-	-	-	-
Vote 5 - HUMAN RESOURCE		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		13 931	25 018	28 213	58 357	46 757	46 757	46 757	55 660	53 571	53 560
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - TRAFFIC DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - REFUSE DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 10 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE & ADMINISTRATION		624	1 698	1 952	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	14 762	26 717	30 165	58 807	52 241	52 241	52 241	60 860	59 055	59 345
Single-year expenditure, to be appropriated	2										
Vote 1 - COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - MUNICIPAL MANAGER		-	-	-	-	-	-	-	-	-	-
Vote 3 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 4 - STRATEGIC		-	-	-	-	-	-	-	-	-	-
Vote 5 - HUMAN RESOURCE		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-	-
Vote 7 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 8 - TRAFFIC DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 9 - REFUSE DEPARTMENT		-	-	-	-	-	-	-	-	-	-
Vote 10 - COMMUNITY SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 11 - CORPORATE & ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		14 762	26 717	30 165	58 807	52 241	52 241	52 241	60 860	59 055	59 345
Capital Expenditure - Standard											
<i>Governance and administration</i>		830	1 698	1 952	450	2 700	2 700	2 700	5 200	5 484	5 785
Executive and council											
Budget and treasury office		207			450	2 700	2 700	2 700	5 200	5 484	5 785
Corporate services		624	1 698	1 952							
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		16 316	25 018	28 213	58 357	46 757	46 757	46 757	55 660	53 571	53 560
Planning and development											
Road transport		16 316	25 018	28 213	58 357	46 757	46 757	46 757	55 660	53 571	53 560
Environmental protection											
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
<i>Other</i>											
Total Capital Expenditure - Standard	3	17 146	26 717	30 165	58 807	49 457	49 457	49 457	60 860	59 055	59 345
Funded by:											
National Government		16 316	25 018	28 213	59 271	44 271	44 271	44 271	55 660	53 571	53 560
Provincial Government											
District Municipality											
Other transfers and grants		830	1 698	1 952	450	2 700	2 700	2 700	5 200	5 484	5 785
Transfers recognised - capital	4	17 146	26 717	30 165	59 721	46 971	46 971	46 971	60 860	59 055	59 345
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	17 146	26 717	30 165	59 721	46 971	46 971	46 971	60 860	59 055	59 345

4.2.6 Table A6: Budget Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		378	10 143	7 976	6 086	10 044	10 044	10 044	26 522	47 322	64 919
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	-	-	-	-	-	-	-	-
Other debtors		253	281	585	986	1 010	1 010	1 010	1 024	1 080	1 140
Current portion of long-term receivables											
Inventory	2	16 131	16 115	16 414	16 414	16 414	16 414	16 414	16 414	16 414	16 414
Total current assets		16 762	26 539	24 975	23 486	27 468	27 468	27 468	43 960	64 817	82 473
Non current assets											
Long-term receivables											
Investments											
Investment property		9 026	9 026	8 120	8 120	8 120	8 120	8 120	8 120	8 120	8 120
Investment in Associate											
Property, plant and equipment	3	17 901	119 400	144 080	196 737	188 091	188 091	188 091	245 451	300 813	356 262
Agricultural											
Biological											
Intangible		413	238	147	147	147	147	147			
Other non-current assets											
Total non current assets		27 339	128 664	152 347	205 004	196 358	196 358	196 358	253 570	308 933	364 382
TOTAL ASSETS		44 102	155 204	177 322	228 491	223 826	223 826	223 826	297 531	373 749	446 855
LIABILITIES											
Current liabilities											
Bank overdraft	1	453	336	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	-	-	-	-	-	-	-	-	-
Provisions			3 181	3 357	8 077	(1 003)	7 074	3 357	3 450	3 639	3 839
Total current liabilities		453	3 517	3 357	8 077	(1 003)	7 074	3 357	3 450	3 639	3 839
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES		453	3 517	3 357	8 077	(1 003)	7 074	3 357	3 450	3 639	3 839
NET ASSETS	5	43 648	151 686	173 965	220 413	224 829	216 752	220 469	294 081	370 110	443 016
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)			140 205	168 728	168 728	168 728	168 728	168 728	168 728	168 728	168 728
Reserves	4	-	93 227	149 223	202 972	197 145	197 145	197 145	248 346	286 876	345 921
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	-	233 432	317 951	371 700	365 873	365 873	365 873	417 074	455 604	514 649

4.2.7 Table A7: Budgeted Cash Flow

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		4 557	1 447	1 915	4 886	10 630	10 630	10 630	3 302	3 484	3 675
Government - operating	1	37 586	64 020	67 715	73 634	75 232	75 232	75 232	85 992	101 917	101 541
Government - capital	1	20 398	29 331	34 201	59 271	44 271	44 271	44 271	55 577	53 117	52 660
Interest		648	925	1 559	1 200	1 200	1 200	1 200	1 300	1 372	1 372
Dividends											
Payments											
Suppliers and employees		(52 440)	(58 726)	(72 930)	(78 556)	(81 964)	(81 964)	(81 964)	(82 727)	(79 981)	(82 250)
Finance charges		(210)	(544)	(97)	(200)	(100)	(100)	(100)	(50)	(53)	(56)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		10 538	36 454	32 363	60 235	49 269	49 269	49 269	63 394	79 855	76 942
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE											
Decrease (Increase) in non-current debtors											
Decrease (Increase) other non-current receivables											
Decrease (Increase) in non-current investments											
Payments											
Capital assets		(18 094)	(26 717)	(30 164)	(58 807)	(49 457)	(49 457)	(49 457)	(60 860)	(59 055)	(59 345)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(18 094)	(26 717)	(30 164)	(58 807)	(49 457)	(49 457)	(49 457)	(60 860)	(59 055)	(59 345)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing											
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(7 555)	9 737	2 199	1 428	(188)	(188)	(188)	2 535	20 801	17 597
Cash/cash equivalents at the year begin:	2	378	(7 177)	2 561	4 760	6 188	6 188	6 188	23 987	26 522	47 322
Cash/cash equivalents at the year end:	2	(7 177)	2 561	4 760	6 188	6 000	6 000	6 000	26 522	47 322	64 919

4.2.8 Table A8: Cash Backed reserves / accumulated surplus reconciliation

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(7 177)	2 561	4 760	6 188	6 000	6 000	6 000	26 522	47 322	64 919
Other current investments > 90 days		7 102	7 246	3 216	(102)	4 044	4 044	4 044	0	(0)	(0)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		(75)	9 807	7 976	6 086	10 044	10 044	10 044	26 522	47 322	64 919
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(406)	(115)	(302)	(989)	(2 039)	(2 039)	(2 039)	(1 024)	(1 080)	(1 140)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(406)	(115)	(302)	(989)	(2 039)	(2 039)	(2 039)	(1 024)	(1 080)	(1 140)
Surplus(shortfall)		331	9 922	8 278	7 075	12 083	12 083	12 083	27 546	48 402	66 059

4.2.9 Table A9: Asset Management

Description		Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
CAPITAL EXPENDITURE											
Total New Assets		1	17 901	26 646	30 165	58 807	49 457	49 457	60 860	58 949	55 673
Infrastructure - Road transport			16 316	25 018	28 213	58 357	46 757	46 757	55 660	53 571	53 560
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Infrastructure			16 316	25 018	28 213	58 357	46 757	46 757	55 660	53 571	53 560
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	1 584	1 628	1 952	450	2 700	2 700	5 200	5 378	2 113
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	3 181	3 181	3 357	500	500	500	550	580	612
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			3 181	3 181	3 357	500	500	500	550	580	612
Infrastructure			3 181	3 181	3 357	500	500	500	550	580	612
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6	-	-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
Total Capital Expenditure		4	16 316	25 018	28 213	58 357	46 757	46 757	55 660	53 571	53 560
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			3 181	3 181	3 357	500	500	500	550	580	612
Infrastructure			19 497	28 199	31 570	58 857	47 257	47 257	56 210	54 151	54 172
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets			1 584	1 628	1 952	450	2 700	2 700	5 200	5 378	2 113
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		2	21 082	29 827	33 522	59 307	49 957	49 957	61 410	59 530	56 285
ASSET REGISTER SUMMARY - PPE (WDV)											
Infrastructure - Road transport		5		25 018	28 213	58 357	11 600	46 757	55 660	53 571	53 560
Infrastructure - Electricity				-	-	-	-	-	-	-	-
Infrastructure - Water				-	-	-	-	-	-	-	-
Infrastructure - Sanitation				-	-	-	-	-	-	-	-
Infrastructure - Other				-	-	-	-	-	-	-	-
Infrastructure			-	25 018	28 213	58 357	11 600	46 757	55 660	53 571	53 560
Community				-	-	-	-	-	-	-	-
Heritage assets				-	-	-	-	-	-	-	-
Investment properties			9 026	9 026	8 120	8 120	8 120	8 120	8 120	8 120	8 120
Other assets				-	-	-	-	-	-	-	-
Agricultural Assets			-	-	-	-	-	-	-	-	-
Biological assets			-	-	-	-	-	-	-	-	-
Intangibles			413	238	147	147	147	147	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)		5	9 439	34 282	36 480	66 625	19 867	55 025	63 779	61 691	61 680
EXPENDITURE OTHER ITEMS											
Depreciation & asset impairment		3	4 512	5 473	5 854	6 149	5 146	5 146	3 500	3 693	3 896
Repairs and Maintenance by Asset Class			2 648	1 870	2 083	5 400	1 400	4 000	3 450	3 639	3 839
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Infrastructure - Other			2 648	1 870	2 083	5 400	1 400	4 000	3 450	3 639	3 839
Infrastructure			2 648	1 870	2 083	5 400	1 400	4 000	3 450	3 639	3 839
Community			-	-	-	-	-	-	-	-	-
Heritage assets			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Other assets		6, 7	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS			7 160	7 343	7 937	11 549	6 546	9 146	6 950	7 332	7 735
Renewal of Existing Assets as % of total capex			15.1%	10.7%	10.0%	0.8%	1.0%	1.0%	0.9%	1.0%	1.1%
Renewal of Existing Assets as % of deprecn"			70.5%	58.1%	57.4%	8.1%	9.7%	9.7%	15.7%	15.7%	15.7%
R&M as a % of PPE			14.8%	1.6%	1.4%	2.7%	0.7%	2.1%	1.4%	1.2%	1.1%
Renewal and R&M as a % of PPE			62.0%	15.0%	15.0%	9.0%	10.0%	8.0%	6.0%	7.0%	7.0%

4.2.10 Table SA36: Capital Budget

Municipal Vote/Capital project	Ref	Program/Project description	Project number	IDP Goal code 2	Individually Approved (Yes/No)	Asset Class	Asset Sub-Class	GPS co-ordinates	Total Project Estimate	Prior year outcomes		2014/15 Medium Term Revenue & Expenditure Framework			Project information	
										Audited Outcome 2013/13	Current Year 2013/14 Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	Ward location	New or renewal
Parent municipality:																
<i>List all capital projects grouped by Municipal Vote</i>																
Office Furniture & Equipment		Provision of Office furniture & equipment					Furniture and other office equipment			104	361	500	527	556		New
Office Furniture & Equipment		Provision of Office furniture & equipment					Computers - hardware/equipment			200	500	527	556			New
Access Roads & Storm Water Drainage		Construction of 18 new access roads and Storm Water drainage			Yes	Infrastructure - Road transport	Roads, Pavements & Bridges			28 213	18 203	9 208	9 714	10 248		New
Bridges/Vehicle Bridges & Pedestrian Bridges		Construction of motor bridges and pedestrian bridges				Infrastructure - Other	Roads, Pavements & Bridges				1 214					New
Community Facilities		To provide public amenities: 7 sports facilities, 3 Community halls and 2 pre-Schools by June 2017				Community	Community halls				2 427	8 952	9 444	9 964		New
Community Facilities		To provide public amenities: 7 sports facilities, 3 Community halls and 2 pre-Schools by June 2017					Sportfields & stands				1 214					New
Public transport rank and shelters		To provide 51 Bus Shelters & 5 Taxi Ranks by 2017					Buses									
Construction & Maintenance of Schools		To facilitate construction of Schools in Ntshankulu by 2017					Recreational facilities									
Public transport rank and shelters		To provide 51 Bus Shelters & 5 Taxi Ranks by 2017					Buses									
Solid Waste		To improve solid waste management by reviewing and implementing an integrated waste management plan by June 2017				Other	Waste Management				400					New
Electricity		To facilitate increase of households with energy access to 100% by 2017 (31,000 backlog)					Electricification			5 000	20 000	30 000	26 500	25 000		New
Community Halls							Community halls					6 138	6 476	6 832		New
Motor Vehicles							Motor Vehicles			500	400	1 000	1 054	1 112		New
Development of Local Traffic Centre							Land				1 605	3 000	3 165	3 339		New
Fencing												200	216	232		New
Parent Capital expenditure	1											59 498	57 618	57 830		
Entities:																
<i>List all capital projects grouped by Entity</i>																
Entity A																
Water project A																
Entity B																
Electricity project B																
Entity Capital expenditure										-	-	-	-	-		
Total Capital expenditure										33 817	46 207	59 498	57 618	57 830		

Note 1: The IDP/Budget also refers to all other IDP and Budget Related Policies to be reviewed and/ or approved

Note 2: SDBIP and Performance Contracts to be included in the Budget Approval Process

Public Consultation and Planning

In pursuing the legislative mandate and its mission, Ntabankulu Local Municipality has robustly engaged community members outlining the process plan to be followed in developing 2014/2017 Integrated Development Plan and 2014/2017 MTREF Budget.

The municipality embarked on programs that involved stakeholders in pre-planning, planning and implementation of the IDP, Budget, SDBIP and PMS Process Plan. On the 15th of August 2013 the IDP, Budget, SDBIP, PMS process plan was presented in the IDP Engagement Session, where organs of the state, members of religious society, business sector and Ntabankulu Councilors were presented. This was done to solicit inputs and commitment from all stakeholders in the implementation of the Process plan

Ntabankulu Local Municipality Council adopted the IDP, Budget, SDBIP, and PMS process plan on the 03 September 2013, after which it was submitted to the Department of Local Government and Traditional Affairs, Provincial Treasury and Alfred Nzo District Municipality. The process plan was further published on the Daily Dispatch and Kokstad Fever to solicit inputs from all stakeholders.

6 Alignment of Budget with Integrated Development Plan

The IDP, however, contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the NLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed stakeholders such as government departments, ward committees, CDW NGO's and private sector to refine what can be

implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

7 Budget Related Policies Overview and Amendments

Section 18 of the Municipal Finance Management Act (MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 42 stipulates that the Budgeter reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. The Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4, 17 (1) (a) and (3) (b)).

The policies to be attached are as follows:

1. Indigent Policy 2014/2015
2. Property Rates Policy 2014/2015
3. Credit Control Policy 2014/2015
4. Tariff Policy 2014/2015
5. Budget Policy 2014/2015
6. Asset Management Policy 2014/2015
7. Supply Chain Management Policy 2014/2015
8. Fleet Management Policy
9. Banking & Investment Policy 2014/2015
10. Petty Cash Policy 2014/2015

8. *Collection rates*

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Ntabankulu's collection rate is set at an average of 21% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period.

9. *Annual budget and service delivery and budget implementation plans – internal departments*

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following:-

(a) Monthly projections of

(i) Revenue to be collected, by source, and

(ii) Operational and capital expenditure, by vote.

(a) Service delivery targets and performance indicators for each quarter, and

(b) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2014 to 30 June 2014 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 57 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.